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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/770,020	01/25/2001	David A. Seaman	36287-00702	5223
27171	7590	11/29/2006	EXAMINER	
MILBANK, TWEED, HADLEY & MCCLOY 1 CHASE MANHATTAN PLAZA NEW YORK, NY 10005-1413			SUBRAMANIAN, NARAYANSWAMY	
			ART UNIT	PAPER NUMBER
			3692	

DATE MAILED: 11/29/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/770,020

Applicant(s)

SEAMAN, DAVID A.

Examiner

Narayanswamy Subramanian

Art Unit

3692

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 11 October 2006.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 15-20 and 22-24 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 15-20 and 22-24 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date. _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

1. This office action is in response to applicants' request for continued examination filed on October 11, 2006. Amendments to claims 15-18 and 22-23, cancellation of claim 21 and addition of new claim 24 have been entered. Claims 15-20 and 22-24 are pending in the application and have been examined. The rejections and response to arguments are stated below.

Claim Rejections - 35 USC § 101

2. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

3. Claims 15-20 and 22-24 are rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory Subject matter.

35 USC § 101 requires that in order to be patentable the invention must be a "new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof" (emphasis added).

Claims 15-20 and 22-24 recite "An exchangeable security". It is not clear if the claimed invention is a "new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof". An exchangeable security is essentially a collection of information and rights and as such does not fall into one of the above-mentioned categories.

There is no computer-readable medium recited and even if there was a medium, the information recited, i.e. value, amount, right, is not functional descriptive material. In other words, this is not directed to an executable program or a data structure that would control a computer, it is just a collection of data.

Claims 15-20 and 22-24 are drawn to “An exchangeable security”. As such the claimed invention is directed to a judicial exception to 35 U.S.C. 101 (i.e., an abstract idea, natural phenomenon, or law of nature) and is not directed to a practical application of such judicial exception because the claims do not require any physical transformation and the invention as claimed does not produce a useful, concrete, and tangible result.

The Court of Appeals for the Federal Circuit issued opinions in *State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 149 F. 3d 1368, 47 USPQ2d 1596 (Fed. Cir. 1998) and *AT&T Corp. v. Excel Communications, Inc.*, 172 F.3d 1352, 50 USPQ2d 1447 (Fed. Cir. 1999). These decisions explained that, to be eligible for patent protection, the claimed invention as a whole must accomplish a practical application. That is, it must produce a “useful, concrete and tangible result.” *State Street*, 149 F.3d at 1373-74, 47 USPQ2d at 1601 02. To satisfy section 101 requirements, the claim must be for a practical application of the § 101 judicial exception, which can be identified in various ways: (a) The claimed invention “transforms” an article or physical object to a different state or thing. (b) The claimed invention otherwise produces a useful, concrete and tangible result, based on the factors discussed below.

The USPTO’s official interpretation of the utility requirement provides that the utility of an invention has to be (i) specific, (ii) substantial and (iii) credible. See MPEP § 2107.

The tangible requirement does require that the claim must recite more than a § 101 judicial exception, in that the process claim must set forth a practical application of that § 101 judicial exception to produce a real-world result. Benson, 409 U.S. at 71-72, 175 USPQ at 676-77 (invention ineligible because had “no substantial practical application”). It is not clear as to what real world result is produced as from the steps of the method.

For an invention to produce a “concrete” result, the process must have a result that can be substantially repeatable or the process must substantially produce the same result again. In re Swartz, 232 F.3d 862, 864, 56 USPQ2d 1703, 1704 (Fed. Cir. 2000) (where asserted result produced by the claimed invention is “irreproducible” claim should be rejected under section 101). The opposite of “concrete” is unrepeatable or unpredictable.

An exchangeable security is not capable of producing any result much less any useful, concrete and tangible result, because the claimed invention is not a new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof. There is no useful, concrete and tangible result produced from the claimed invention. The dependent claims are rejected for the same reason and by way of dependency on a rejected independent claim.

Claim Rejections - 35 USC § 112

4. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter, which the applicant regards as his invention.

5. Claims 15-20 and 22-24 are rejected under 35 USC § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. It is not clear if by the term “An exchangeable security”, the Applicant means “a method”, “an apparatus” or “a process”. Clarification is required.

Double Patenting

6. The nonstatutory double patenting rejection made in the last office action is maintained by the Examiner. The amendments to the claims fail to overcome this rejection. Upon a timely filed terminal disclaimer in compliance with 37 CFR 1.321(c), the Examiner will withdraw this

rejection. Effective January 1, 1994, a registered attorney or agent of record may sign a terminal disclaimer. A terminal disclaimer signed by the assignee must fully comply with 37 CFR 3.73(b).

Response to Arguments

7. In response to applicant's argument that "The instant inventions are directed to practical applications of functional financial instruments, in the form of exchangeable securities that are tradable on a securities exchange. Applicant respectfully submits that the claimed exchangeable securities produce a useful, concrete and tangible result, and as such constitute inventions in the field of finance", the examiner respectfully disagrees. The claimed invention is nothing more than a collection of non-functional descriptive material, which does not produce any useful, concrete and tangible result. Further the claimed invention is not drawn to any "new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof" as required by 35 USC 101.

In response to applicant's argument "Finally, in allowing U.S. Patent No. 6,947,901 to McCabe et al., the U.S. Patent and Trademark Office has acknowledged the patentability of claims directed to financial instruments, and therefore acknowledged that financial instruments themselves constitute statutory subject matter. Issued claim 1 of the '901 patent recites "A first financial instrument representing an ownership interest in a first portfolio ..." Pending claim 1 of the instant application recites "An exchangeable security that is tradable on a securities exchange ..." There is no significant difference in the statutory subject matter of the claims.", the examiner would like to point out that "it is well settled that the prosecution of one patent application does not affect the prosecution of an unrelated application." *In re McDaniel*, 293 F3d 1379, 63

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USPQ2d 1462, 1468 (Fed. Cir. 2002) citing *In re Wertheim*, 541 F.2d 257, 264, 191 USPQ 90, 97 (CCPA 1976) (holding that “[i]t is immaterial in ex parte prosecution whether the same or similar claims have been allowed to others”).

Applicant's other arguments have been fully considered but they are not persuasive.

Conclusion

8. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dr. Narayanswamy Subramanian whose telephone number is (571) 272-6751. The examiner can normally be reached Monday-Thursday from 8:30 AM to 7:00 PM. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Richard Chilcot can be reached at (571) 272-6777. The fax number for Formal or Official faxes and Draft to the Patent Office is (571) 273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PMR or Public PAIR. Status information for unpublished applications is available through Private PMR only. For more information about the PMR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



Dr. N. Subramanian
Primary Examiner

November 25, 2006